CATTLE MARKETING DEDUCTIONS FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2001

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Cattle Marketing Deductions Fund as at March 31, 2001 and the statements of revenues, expenditures and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 31, 2001

Fred Wendel, CMA, CA
Acting Provincial Auditor

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	Provincial Account		National Account		Total	
	2001	2000	2001	2000	2001	2000
Financial Assets						
Due from General Revenue Fund (Note 8)	$ 2,834,194	$ 1,054,040	$ 364,462	$ 2,334,868	$ 3,198,656	$ 3,388,908
Accounts receivable	200,451	171,188	206,798	176,455	407,249	347,643
Accrued interest receivable	44,902	43,589	---	---	44,902	43,589
	$ 3,079,547	$ 1,268,817	$ 571,260	$ 2,511,323	$ 3,650,807	$ 3,780,140
Liabilities						
Grants payable	$ 39,777	$ 225,519	$ 372,027	$ ---	$ 411,804	$ 225,519
Accounts payable	51,492	46,295	---	---	51,492	46,295
	91,269	271,814	372,027	---	463,296	271,814
Net financial assets (Statement 2)	$ 2,988,278	$ 997,003	$ 199,233	$ 2,511,323	$ 3,187,511	$ 3,508,326

(See accompanying notes to the financial statements)

Statement 2

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF REVENUES, EXPENDITURES AND NET FINANCIAL ASSETS
Year Ended March 31

	Budget	Provincial Account		National Account		Total	
	2001 (Note 5)	2001	2000	2001	2000	2001	2000
Revenues							
Deductions (Note 1)	$1,350,000	$1,437,952	$1,403,702	$1,437,952	$1,403,694	$2,875,904	$2,807,396
Less: Commissions	50,000	42,332	41,231	---	---	42,332	41,231
Refund of deductions	70,000	97,613	110,207	---	---	97,613	110,207
Net deductions	1,230,000	1,298,007	1,252,264	1,437,952	1,403,694	2,735,959	2,655,958
Interest (Note 8)	75,000	186,121	138,834	---	---	186,121	138,834
Miscellaneous revenue	---	---	1,990	---	---	---	1,990
Total revenue	1,305,000	1,484,128	1,393,088	1,437,952	1,403,694	2,922,080	2,796,782
Expenditures							
Grants (Note 2)	550,000	574,708	1,917,281	2,649,541	---	3,224,249	1,917,281
Administration (Note 3)	16,000	15,000	15,000	---	---	15,000	15,000
Advisory Committee and other expenses	2,500	3,145	3,485	501	---	3,646	3,485
Total expenditure	568,500	592,853	1,935,766	2,650,042	---	3,242,895	1,935,766
Surplus (deficit) for the year	$ 736,500	891,275	(542,678)	(1,212,090)	1,403,694	(320,815)	861,016
Interfund Transfer (Note 6)		1,100,000	---	(1,100,000)	---	---	---
Net financial assets, beginning of year		997,003	1,539,681	2,511,323	1,107,629	3,508,326	2,647,310
Net financial assets, end of year (Statement 1)		$2,988,278	$ 997,003	$ 199,233	$2,511,323	$3,187,511	$3,508,326

(See accompanying notes to the financial statements)

Statement 3

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2001	2000
Cash flows from operating activities:		
Cash receipts from deductions	$ 2,773,966	$ 2,765,777
Cash paid to suppliers	(18,646)	(18,485)
Grant payments	(3,037,964)	(1,691,761)
Refunds paid	(92,416)	(82,886)
Interest received	184,808	123,435
Cash flows from operating activities	(190,252)	1,096,080
Net (decrease) increase in cash and cash equivalents	(190,252)	1,096,080
Due from General Revenue Fund, beginning of year	3,388,908	2,292,828
Due from General Revenue Fund, end of year	$ 3,198,656	$ 3,388,908

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2001

1. Legislative Authority

The Cattle Marketing Deductions Fund (Fund) was established under *The Cattle Marketing Deductions Act* and continues under *The Cattle Marketing Deductions Act, 2000* (Act). The Act established two accounts, the Provincial Account and the National Account. The Fund's existing assets at August 29, 1983 were transferred to the Provincial Account established by the Act. The Provincial Account's purpose is to develop, improve and promote the cattle industry.

Pursuant to subsection 3 of *The Cattle Marketing Deductions Regulations, 1998*, dealers deduct $2.00 per head from the purchase price for cattle purchased. The National Account receives $1.00 a head and the Provincial Account receives $1.00 a head less the dealer's commission of $0.03 per head.

Section 12 of the Act provides for the refund of deductions apportioned to the Provincial Account. Any person may claim a refund of deductions for a calendar year by filing a claim by January 31 of the following year.

The Act was amended effective June 27, 2000. The Act now allows the Minister to provide grants for promotion and research to organizations that represent the national interests of the cattle industry. The Department of Agriculture and Food negotiated agreements with organizations that represent the national interests of the cattle industry to provide grants for promotion and research out of the National Account. (See Note 6)

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Revenue

Deductions revenue and related commissions are recognized when the cattle are sold.

b) Grants

Grants are recorded as expenditures when approved and the eligibility criteria, if any, have been met by the recipient.

3. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan.

Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

The Fund paid $160,000 (2000 - $170,700) in grants to the University of Saskatchewan.

The Livestock Services Revolving Fund provides administrative services to the Fund for an annual fee of $15,000 (2000 - $15,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

4. Commitments

At year end, the Fund's Advisory Committee had approved grants from the Provincial Account totalling $1,086,801 (2000 - $418,598) for payment in the following years:

2002	$710,843
2003	$195,958
2004	$180,000

As well, the Fund is committed to pay all moneys collected for the National Account in 2002 to promotion and research agencies that represent the national interests of the cattle industry.

5. 2000/01 Budget

The Advisory Committee approved the 2000/01 budget for the Provincial Account on January 21, 2000.

6. Interfund Transfer

In prior years, the Provincial Account contributed money totalling $1,100,000 to National research agencies and expensed this amount as grant expense in the Provincial Account. The Fund has recovered these grants from the National Account as these grants were made to organizations that represent the national interests of the cattle industry.

7. Financial Instruments

Accounts receivable, accrued interest and accounts payable are non-interest bearing and are due or payable within the next year. Due from General Revenue Fund is interest bearing and due within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value.

8. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Provincial Account on a quarterly basis. The Government's average thirty-day borrowing rate for 2000/01 is 5.59% (1999/00 - 4.79%).

Schedule 1

CATTLE MARKETING DEDUCTIONS FUND
DETAILED LIST OF EXPENDITURES (UNAUDITED)
Year Ended March 31

	2001	2000
Personal Services		
Payees under $2,500	$ 1,125	$ 1,190
Travel		
Other	2,521	1,688
Grants		
Canadian Cattlemen's Association:		
National Beef Information Centre	1,249,725	600,000
Operating Expenses	260,963	902,081
University of Saskatchewan:		
Western College of Veterinary Medicine	---	10,700
Veterinary Infectious Disease Organization	75,000	75,000
Dairy Cattle Feeding Project	60,000	60,000
Western Beef Development Centre	25,000	25,000
Canada Beef Export Federation	1,024,862	100,000
Saskatchewan Beef Information Centre	48,500	48,500
Foundation for Animal Care	5,000	5,000
Saskatchewan Cattle Feeders' Association	2,500	2,500
Saskatchewan Stock Growers' Association	82,500	88,500
Semiarid Prairie Agricultural Research Centre	15,245	---
Beef Cattle Research Council	374,954	---
	3,224,249	1,917,281
Supplier Payments		
Payees under $20,000	15,000	15,607
Total	$ 3,242,895	$ 1,935,766